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www.dhs.lacounty.gov

To ensure access to high-quality,
patient-centered, cost-effective health
care to Los Angeles County residents
through direct services at DHS facilities
and through collaboration with
community and university partners.



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ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

31 June 6, 2012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

June 06, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT TO MANAGEMENT ACCOUNTING
AND BILLING SERVICES AGREEMENT
(SUPERVISORIAL DISTRICT 1)
(3 VOTES)**

SUBJECT

Request approval to execute an amendment to the Management Accounting and Billing Services Agreement with Affiliated Computer Services, Inc. to extend the Agreement's term.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Director of Health Services (Director), or his designee, to execute Amendment No. 1 to Agreement No. H-703123 with Affiliated Computer Services, Inc. (ACS) to extend the Agreement, effective upon Board approval, for the period July 1, 2012 through June 30, 2017 for the continued provision of management accounting and billing services at the same rates, with an increase to the maximum obligation in the amount of \$50,000.
2. Delegate authority to the Director, or his designee, to execute amendments to the Agreement to: (1) increase applicable fees only following a regulatory change or when the U.S. Postal Service imposes a general rate increase; and (2) add, delete, and/or change non-substantive terms and conditions in the Agreement.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Department of Health Services (DHS) uses the ACS Management Accounting and Billing Services Agreement for managing the Los Angeles County College of Nursing and Allied Health's student loan program located at LAC+USC Medical Center (LAC+USC) which offers a variety of financial assistance programs such as Perkins loans (a Federal program) and Tuition Deferment loans. The current Agreement expires on June 30, 2012.

Approval of the first recommendation will allow the Director, or his designee, to execute an amendment, substantially similar to Exhibit I, to extend the Agreement term with ACS through June 30, 2017. The extension of this Agreement is needed to manage nursing loan accounts.

Approval of the second recommendation will allow DHS to amend the Agreement to increase applicable fees only following a regulatory change or when the U.S. Postal Service imposes a general rate increase, and update contract language, as needed.

Implementation of Strategic Plan Goals

The recommended actions support Goal 1, Operational Effectiveness, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The total estimated cost for Fiscal Year (FY) 2012-13 is \$10,000. Funding for these services is included in the FY 2012-13 Recommended Budget and will be requested in future years as necessary.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On November 6, 2007, your Board approved a sole source Agreement with ACS for the provision of management accounting and billing services for the Los Angeles County College of Nursing and Allied Health's students. Currently, ACS is managing approximately 500 outstanding nursing student loans that include Perkins Loans and Tuition Deferment loans. The Perkins Loan Program has strict collection and notice procedures, so the Los Angeles County College of Nursing and Allied Health acquired expert loan accounting services through ACS to manage these requirements along with processing repayments of Tuition Deferment loans. The services provided by ACS assist LAC+USC in recovering approximately \$300,000 annually in nursing student loan proceeds. ACS is in compliance with the terms of the Agreement and is meeting the regulatory requirements of administering the Perkins student loans.

The monthly cost for transactions is low, approximately \$833, and DHS recommends it is in the best interest of the County to not solicit this service as it would not be cost-effective.

The County may terminate this Agreement, with or without cause, by giving at least 30 calendar days' advanced written notice to ACS. The recommended Amendment includes the latest provisions mandated by your Board.

County Counsel has approved Exhibit I as to form.

These management accounting and billing services are not subject to Proposition A guidelines as the services are intermittent and provided on an as-needed basis; and, therefore, not subject to the Living Wage Program (Los Angeles County Code Chapter 2.201).

CONTRACTING PROCESS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will ensure the continued provision of student loan management services for the Los Angeles County College of Nursing and Allied Health.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.
Director

MHK:smc

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

Contract No. H-703123-1

MANAGEMENT ACCOUNTING AND
BILLING SERVICES AGREEMENT

AMENDMENT NO. 1

THIS AMENDMENT is made and entered into this _____ day
of _____, 2012,

by and between

COUNTY OF LOS ANGELES
(hereafter "County"),

and

AFFILIATED COMPUTER SERVICES,
(ACS) Inc.
(hereafter "Contractor").

WHEREAS, reference is made to that certain document entitled
"MANAGEMENT ACCOUNTING AND BILLING SERVICES AGREEMENT", dated
November 6, 2007, and further identified as County Agreement No. H-703123; and

WHEREAS, it is the intent of the parties hereto to amend Agreement to extend
its term and to make the changes described hereinafter effective July 1, 2012; and,

WHEREAS, said Agreement provides that changes may be made in the form of
a written amendment which is formally approved and executed by the parties.

NOW, THEREFORE, the parties agree as follows:

1. This Amendment shall become effective upon Board of Supervisors'
approval.

2. Sub-Paragraph A of Paragraph 1 of the Agreement, TERM, shall be
deleted in its entirety and replaced with the following language:

“A. The term of this Agreement shall commence upon approval by County's Board of Supervisors (“Board”) and shall continue in full force and effect to and including June 30, 2017. In any event, this Agreement may be terminated with or without cause at any time by either party upon the giving of at least thirty (30) calendar days’ prior written notice to the other party. ”

3. Sub-Paragraph D of Paragraph 4 of the Agreement, BILLING AND PAYMENT, shall be deleted in its entirety and replaced with the following language:

“D. ACS may change its fee hereunder only upon thirty (30) days written notice and only following a regulatory change or the U.S. Postal Service imposes a general rate increase. Any change to a fee will be executed in the form of an Amendment by both parties in accordance with Paragraph 19, ALTERATION OF TERMS, of the Agreement. County may terminate Agreement as of the effective date of such increase without payment of any termination charge.”

4. Paragraph 5 of the Agreement, COMPENSATION, shall be deleted in its entirety and replaced with the following language:

“5. COMPENSATION: County agrees to compensate Contractor for services performed as described in this Agreement at the rate set forth in Exhibit B, Fee Schedule. During the term of this Agreement, the maximum obligation of County for services provided hereunder shall not exceed One Hundred Eighteen Thousand Dollars (\$118,000) for the contract period from the date of Board approval through June 30, 2017.”

5. Sub-Paragraph C of Paragraph 10 of the Agreement, Failure to Maintain Coverage, shall be deleted in its entirety and replaced with the following language:

“C. Failure to Maintain Coverage: Contractor's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Contract, upon which County immediately may withhold payments due to Contractor, and/or suspend or terminate this Contract. County, at its sole discretion, may obtain damages from Contractor resulting from said breach.”

6. Sub-Paragraph G of Paragraph 10 of the Agreement, Cancellation of or Changes in Insurance, shall be added to Agreement to read as follows:

“G. Cancellation of or Changes in Insurance: Contractor shall provide County with, or Contractor's insurance policies shall contain a provision that County shall receive, written notice of cancellation or any change in required insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in required insurance may constitute a material breach of the Contract, in the sole discretion of the County, upon which the County may suspend or terminate this Contract.”

7. Exhibit B, FEE SCHEDULE, shall be deleted in its entirety and replaced with the attached Exhibit B attached hereto and incorporated herein by reference.

8. Paragraph 14 of the ADDITIONAL PROVISIONS, COUNTY'S QUALITY ASSURANCE PLAN, shall be deleted in its entirety and replaced with the following language:

"14. COUNTY'S QUALITY ASSURANCE PLAN: The County or its agent will evaluate the Contractor's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing the Contractor's compliance with all Agreement terms and conditions and performance standards identified in the Statement of Work. Contractor deficiencies which the County determines are severe or continuing and that may place performance of the Agreement in jeopardy if not corrected will be reported to the Board of Supervisors.

The report will include improvement/corrective action measures taken by the County and the Contractor. If improvement does not occur consistent with the corrective action measures, the County may terminate this Agreement or impose other penalties as specified in this Agreement.

The County maintains databases that track/monitor Contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise a contract term extension option."

9. Paragraph 27 of the ADDITIONAL PROVISIONS, CONSIDERATION OF COUNTY'S DEPARTMENT OF PUBLIC SOCIAL SERVICES ("DPSS") GREATER AVENUES FOR INDEPENDENCE ("GAIN") PROGRAM OR GENERAL RELIEF

OPPORTUNITY FOR WORK ("GROW") PARTICIPANTS FOR EMPLOYMENT, shall be deleted in its entirety and replaced with the following language:

"27. CONSIDERATION OF HIRING GAIN/GROW PROGRAM

PARTICIPANTS: Should the Contractor require additional or replacement personnel after the effective date of this Agreement, the Contractor shall give consideration for any such employment openings to participants in the County's Department of Public Social Services Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet the Contractor's qualifications for the open position. If the Contractor decides to pursue consideration of GAIN/GROW participants for hiring, the Contractor shall provide information regarding job openings and job requirements to DPSS' GAIN/GROW staff at GAINGROW@dpss.lacounty.gov. The County will refer GAIN/GROW participants by job category to the Contractor.

In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority."

10. Paragraph 36 of the ADDITIONAL PROVISIONS, COUNTY'S QUALITY ASSURANCE PLAN, shall be deleted in its entirety and replaced with the following language:

"36. CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM: Contractor acknowledges that County has established a goal of ensuring that all individuals

and businesses that benefit financially from County through contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

Unless Contractor qualifies for an exemption or exclusion, Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during the term of this contract will maintain compliance, with Los Angeles Code Chapter 2.206.”

11. Sub-Paragraph C of Paragraph 37 of the ADDITIONAL PROVISIONS, TERMINATION FOR INSOLVENCY, DEFAULT, GRATUITIES, AND/OR IMPROPER CONSIDERATIONS AND CONVENIENCE, shall be deleted in its entirety and replaced with the following language:

“C. Termination For Gratuities and/or Improper Consideration: The County may, by written notice to the Contractor, immediately terminate the right of the Contractor to proceed under this Agreement if it is found that consideration, in any form, was offered or given by the Contractor, either directly or through an intermediary, to any County officer, employee, or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment, or extension of this Agreement or the making of any determinations with respect to the Contractor’s performance pursuant to this Agreement. In the event of such termination, the County shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.

The Contractor shall immediately report any attempt by a County officer or employee to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Fraud Hotline at (800) 544-6861 or www.lacountyfraud.org.

(Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts).”

12. Sub-Paragraph D of Paragraph 37 of the ADDITIONAL PROVISIONS, TERMINATION FOR INSOLVENCY, DEFAULT, GRATUITIES, AND/OR IMPROPER CONSIDERATIONS AND CONVENIENCE, shall be deleted in its entirety and replaced with the following language:

“D. Termination For Convenience: The performance of services under this Agreement may be terminated, with or without cause, in whole or in part, from time to time when such action is deemed by County to be in its best interest. Termination of services hereunder shall be effected by delivery to Contractor of a thirty (30) calendar day advance Notice of Termination specifying the extent to which performance of services under this Agreement is terminated and the date upon which such termination becomes effective.

After receipt of a Notice of Termination and except as otherwise directed by County, Contractor shall:

(1) Stop services under this Agreement on the date and to the extend specified in such Notice of Termination; and

(2) Complete performance of such part of the services as shall not have been terminated by such Notice of Termination.

Further, after receipt of a Notice of Termination, Contractor shall submit to County, in the form and with the certifications as may be prescribed by County, its termination claim and invoice. Such claim and invoice shall be submitted promptly, but not later than sixty (60) calendar days from the effective date of termination. Upon failure of Contractor to submit its termination claim and invoice within the time allowed, County may determine on the basis of information available to County, the amount, if any due to Contractor in respect to the termination, and such determination shall be final. After such determination is made, County shall pay Contractor the amount so determined.

Contractor for a period of five (5) years after final settlement under this Agreement, in accordance with Paragraph 10, Records and Audits, herein, retain and make available all its books, documents, records, or other evidence, bearing on the costs and expenses of Contractor under this Agreement in respect to the termination of services hereunder.”

13. Paragraph 44, TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM, shall be added to ADDITIONAL PROVISIONS as follows:

“44. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM: Failure of Contractor to maintain compliance with the requirements set

forth in CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM Paragraph shall constitute default under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure of Contractor to cure such default within 10 days of notice shall be grounds upon which County may terminate this Agreement and/or pursue debarment of Contractor, pursuant to County Code Chapter 2.206."

14. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Director of Health Services and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Mitchell H. Katz, M.D.
Director of Health Services

AFFILIATED COMPUTER SERVICES, (ACS) INC.
Contractor

By _____
Signature

Printed Name

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL

ACS Reports

MONTHLY FEE SCHEDULE Effective July 1, 2012 – June 30, 2017

<u>Conversion</u>	<u>Monthly Fee</u>
Transfer and Reconciliation of Data to eCommand	N/A
<u>Account Billing Frequency* (Full Service)</u>	<u>Per Loan Fee</u>
In School	0.10
In Grace*	0.78
Repayment Monthly*	1.29
Repayment Quarterly*	0.98
Repayment Semi-Annual*	0.82
Repayment Annual*	0.79
Assigned/Accepted/PIF	0.00
<u>On-Line Technology/File Transfers</u>	<u>Fee</u>
e-Sign – electronic promissory note – per loaded note fee	3.50
On-line via Internet	150.00
Masterfile – monthly	100.00
Financial Counselor, on-line entrance & exits – monthly fee	100.00
<u>Internal Collection Technology</u>	<u>Fee</u>
Collection Manager – per account	0.40
Full Service Plus - Dart (Default Aversion Recovery Team) - one time setup	250.00
per letter fee/per call fee (chargeable to borrower)	6.00/3.00
<u>Other Services Provided</u>	<u>Fee</u>
Credit Bureau Reporting – per account	0.03
NSLDS Update – per account	0.05
Form 1098 IRS Reporting – per loan/annually	0.05
Form 1098e – per loan/annually*	1.02
Form 1098e Via Electronic Delivery – per loan/annually	0.51
Repayment Schedules & Disclosures	0.50
Audit Confirmation Statements	0.10
Mailing Labels	0.10
Assignment Forms	5.00
90 Day Due Diligence – per phone sheet generated	6.00
Information Call Charge	0.60
LVC Processing/Mortgage Loan Verifications – per form	1.00
Skiptracing – per new address located	5.00
Credit Verifications via EOSCAR – per dispute	2.00
Urgent Mailer Notifications – per notice	1.79

* Rates may be increased only following a regulatory change or the U.S. Postal Service imposes a general rate increase per Paragraph 4, BILLING AND PAYMENT, of the Agreement.

ACS Reports

In School Servicing

- In School Journal
- Loans Transferred Journal

Additional Reports

- Receipt for Loans Transferred
- Expected Separation Date Report
- Inactivity Report
(No Advances this Fiscal Year)
- In School to Grace Verification and Disclosure Summary

Out of School Servicing

- Out of School Journal
- Summary Totals
- Transactions Journals
- Accounting Entries
- Monthly Analysis
- Small Balance Write Off Report

Delinquent Reports

- Recommended Action Reports
- Reports of Accounts Referred, Assigned & Assigned/Accepted
- Report of Accounts in Special Handling & Temporary Billing
- Collection Agency Reports
- Report of Accounts No Longer Delinquent
- Delinquent Analysis Report
- Collection Cost Breakdown Report

Name and Address Maintenance

- Name and Address Listing
- Returned Mail Report
- Report of Lost Borrowers
- Name Change Labels

Banking Reports

- Remittance Banking Reconciliation
- Reconciliation Report
- Report of Direct Payments

Paid Accounts

- Paid in Full Journal
- Paid in Full Labels
- Overpaid Accounts Report
- Out of Balance Accounts Report

Government Reporting

- Fiscal Operations Report
- Annual Operating Report
- Report of Defaulted Loans Eligible for Assignment

Additional Reports

- Annual Interest Paid Calendar Year
- Semi-Annual Report of Transactions
- Numeric Cross Reference Report
- Weekly Account Status Report